

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 FEA-02 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 SSO-00

INRE-00 USIE-00 PRS-01 NSCE-00 /170 R

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TO AMEMBASSY TOKYO IMMEDIATE

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY OSLO PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

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USMISSION OECD PARIS PRIORITY

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E.O.11652:NA

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TAGS: ENRG

SUBJECT: SALT DOME STORAGE OF CRUDE OIL

1. RE ENDERS' OFFER CRUDE OIL STORAGE IN US SALT DOMES (REF TOKYO 9376), PRELIMINARY REVIEW OF AVAILABLE MATERIAL INDICATES PROPOSAL TECHNICALLY FEASIBLE AND ECONOMICALLY VIABLE FOR LARGE CAPACITY STORAGE PROJECTS (100-200 MILLION BARRELS.)
 2. US PETROLEUM INDUSTRY EXPERIENCE INDICATES UNDERGROUND SALT DOME STORAGE SAFE AND RELIABLE. CURRENTLY, ABOUT 255 MILLION BARRELS VARIOUS PRODUCTS STORED IN SALT DOMES.
 3. RECENT STUDIES BY NATIONAL PETROLEUM COUNCIL (NPC) INDICATE CONSTRUCTION COST SALT DOME STORAGE MUCH LESS THAN ABOVE GROUND TANK CONSTRUCTION COSTS. SALT DOME STORAGE CONSTRUCTION COSTS (EXCLUDING PIPELINES, ETC.) ARE LESS THAN ONE DOLLAR PER BARREL FOR 100-200 MILLION BARREL CAPACITY FACILITY COMPARED TO FOUR TO SEVEN DOLLARS PER BARREL FOR STEEL TANKS (DEPENDING ON TANK VOLUME AND FOUNDATION CONSTRUCTION.)
 4. ABOUT 350 KNOWN SALT DOMES LIE IN 50,000 SQUARE MILE AREA ON TEXAS-LOUISIANA COAST. DOMES RANGE FROM ONE HALF TO SIX MILES IN DIAMETER AND ARE SEVERAL THOUSAND FEET THICK.
 5. STORAGE WELL CONSTRUCTION IN SALT DOMES USUALLY DONE THROUGH INJECTION OF FRESH WATER TO LEACH OUT CAVITY. HIGHLY SALINE BRINE DISPOSED OF OFF-SHORE OR IN AVAILABLE GEOLOGIC FORMATION. LARGE SCALE STORAGE FACILITIES WITH 200 MILLION BARREL CAPACITY CONSISTING OF 20 TO 25 STORAGE WELLS COULD DELIVER ABOUT ONE MILLION BARRELS PER DAY FROM STORAGE.
 6. AT THIS STAGE, IT APPEARS SALT DOMES ON FEDERAL LANDS OR ON OUTER CONTINENTAL SHELF CAN BE LEASED UNDER EXISTING LAW BY NON-US CITIZENS FOR UNDERGROUND STORAGE. STATE LAW AND REGULATIONS APPLY TO PRIVATE, AND IN SHORE LANDS. FEASIBILITY OF STORAGE ON NON-FEDERAL LAND WILL LIMITED OFFICIAL USE
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- HAVE TO BE RESEARCHED FURTHER.
7. US DEL AT JULY 28, ECG MEETING IN BRUSSELS WILL BE PREPARED TO PROVIDE INFORMATION SALT DOME STORAGE AND DISCUSS INFORMALLY WITH JAPANESE DEL IF DESIRED.
 8. PLEASE PASS TO APPROPRIATE GOJ OFFICIALS CONCERNED WITH ECG. KISSINGER

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